



Effects of Tax Levy on LOIT Distribution Formula County Auditors Fall 2013 Conference

**Courtney Schaafsma, Budget Director
October 24, 2013**



Definitions and Resources

- LOITs
 - CAGIT and CAGIT Public Safety
 - COIT and COIT Public Safety
 - CEDIT
- State Budget Agency County Distributions
 - <http://www.in.gov/sba/2587.htm>
- DLGF Unit Distributions
 - <http://www.in.gov/dlgf/2339.htm>
 - County-Specific Information



SBA County Distributions

- SBA provides the total dollar amount available for distribution to taxing units for a particular type of LOIT.
- Historical reports are available, so it is possible to track trends in LOIT distributions over time.
 - Has the county distribution grown or is it fairly stable?



Unit Level Distributions

- For all unit level distributions, it is important to understand that each unit receives a proportional share of the overall county distribution based on statutory formulas.
 - CAGIT – IC 6-3.5-1.1
 - COIT – IC 6-3.5-6
 - CEDIT – IC 6-3.5-7



Unit Level Distributions

- For most taxing units, annual LOIT distributions will fluctuate relatively in line with the overall county distribution.
- In some counties, though, you will see significant fluctuations in the unit-level distributions from year to year.
- Understanding why these fluctuations have occurred is important in planning for future budget years.



CAGIT

STATE OF INDIANA
DEPARTMENT OF LOCAL GOVERNMENT FINANCE
2014 LOIT DISTRIBUTIONS - COUNTY ADJUSTED GROSS INCOME TAX (CAGIT) (IC 6-3.5-1.1)
BARTHOLOMEW COUNTY

State Budget Agency CAGIT Distribution: \$19,861,925.79
CAGIT Shares Amount: \$14,896,444.34
CAGIT Property Tax Replacement Amount: \$4,965,481.45

<u>Unit</u>	<u>Unit Name</u>	Attributed Allocation Amount (IC 6-3.5-1.1-15) (formerly Adjusted Abstract Levy)	Allocation Amount (IC 6-3.5-1.1-1.1) (formerly Adjusted PTRC Levy)	2014 Certified Shares (IC 6-3.5-1.1-12(b)(1))	2014 Property Tax Replacement (IC 6-3.5-1.1-15(b))
0000	BARTHOLOMEW COUNTY	25,498,775	21,011,208	\$5,728,362.13	\$1,222,782.45
0001	CLAY TOWNSHIP	106,418	106,418	\$23,907.06	\$6,193.17
0002	CLIFTY TOWNSHIP	41,388	41,388	\$9,297.92	\$2,408.64
0003	COLUMBUS TOWNSHIP	1,168,306	1,168,306	\$262,462.80	\$67,991.52
0004	FLATROCK TOWNSHIP	69,835	69,835	\$15,688.60	\$4,064.16
0005	GERMAN TOWNSHIP	178,506	178,506	\$40,101.81	\$10,388.46
0006	HARRISON TOWNSHIP	175,935	175,935	\$39,524.23	\$10,238.83
0007	HAWCREEK TOWNSHIP	155,815	155,815	\$35,004.22	\$9,067.91
0008	JACKSON TOWNSHIP	22,703	22,703	\$5,100.28	\$1,321.24
0009	OHIO TOWNSHIP	53,631	53,631	\$12,048.34	\$3,121.15
0010	ROCKCREEK TOWNSHIP	38,585	38,585	\$8,668.21	\$2,245.52
0011	SANDCREEK TOWNSHIP	38,019	38,019	\$8,541.06	\$2,212.58
0012	WAYNE TOWNSHIP	143,965	143,965	\$32,342.09	\$8,378.28
0200	COLUMBUS CIVIL CITY	33,717,373	33,717,373	\$7,574,690.26	\$1,962,239.00
0525	CLIFFORD CIVIL TOWN	14,536	14,536	\$3,265.55	\$845.95
0526	ELIZABETHTOWN CIVIL TOWN	12,271	12,271	\$2,756.71	\$714.13
0527	HARTSVILLE CIVIL TOWN	25,916	25,916	\$5,822.09	\$1,508.23
0528	HOPE CIVIL TOWN	350,656	350,656	\$78,775.73	\$20,407.01
0529	JONESVILLE CIVIL TOWN	9,851	9,851	\$2,213.05	\$573.31
0703	EDINBURGH CIVIL TOWN	1,454,727	1,454,727	\$326,807.98	\$84,660.27
0365	BARTHOLOMEW CONSOLIDATED SCHOOL CORP	0	22,288,166	\$0.00	\$1,297,097.16

* This report does not incorporate CAGIT distributions per special legislation; CAGIT for Property Tax Replacement/Levy Freeze (IC 6-3.5-1.1-24); CAGIT for Property Tax Relief (IC 6-3.5-1.1-26); or CAGIT for Public Safety Funding (IC 6-3.5-1.1-2.3).



CAGIT

- $\text{Attributed Allocation Amount} = \text{Certified Shares}$
- $\text{Allocation Amount} = \text{Property Tax Replacement Credit (PTRC)}$



CAGIT – Allocation Amount

- Prior Year* Certified Levy -
- Certified Levy Associated with Debt Issued After June 30, 2005 +
- Prior Year CAGIT PTRC +
- Prior Year CAGIT Shares +
- Fire Protection Territory Adjustment if applicable =
- Allocation Amount

* For 2014 distributions, prior year = 2013



CAGIT – Attributed Allocation Amount

- Prior Year Certified Levy -
- Certified Levy Associated with Debt Issued After June 30, 2005 +
- Prior Year CAGIT PTRC +
- Prior Year CAGIT Shares +
- Fire Protection Territory Adjustment if applicable =
- Allocation Amount +
- 2008 Welfare Adjustment for County Unit =
- Attributed Allocation Amount



CAGIT Public Safety

- DLGF's calculations start from Attributed Allocation Amounts for the county unit and city/town units.
- The actual local distributions may differ from the DLGF's calculations depending on whether or not other units have also been allotted a portion of the LOIT revenue available for public safety.



COIT

STATE OF INDIANA
DEPARTMENT OF LOCAL GOVERNMENT FINANCE
2014 LOIT DISTRIBUTIONS - COUNTY OPTION INCOME TAX (COIT) (IC 6-3.5-6)
ADAMS COUNTY

State Budget Agency COIT Amount: \$3,679,364.00
Distributive Shares Amount: \$3,679,364.00
Homestead Credit Amount: \$0.00

Unit	Unit Name	Allocation Amount (IC 6-3.5-6-1.1) (formerly Adjusted Abstract Levy)	2014 Certified Shares (IC 6-3.5-6-18(e)(1))
0000	ADAMS COUNTY	12,171,830.78	\$2,111,104.20
0001	BLUE CREEK TOWNSHIP	25,997.79	\$4,509.10
0002	FRENCH TOWNSHIP	28,751.96	\$4,986.79
0003	HARTFORD TOWNSHIP	41,559.86	\$7,208.22
0004	JEFFERSON TOWNSHIP	28,241.67	\$4,898.29
0005	KIRKLAND TOWNSHIP	57,969.97	\$10,054.42
0006	MONROE TOWNSHIP	65,912.37	\$11,431.96
0007	PREBLE TOWNSHIP	50,931.01	\$8,833.57
0008	ROOT TOWNSHIP	80,781.86	\$14,010.95
0009	ST. MARYS TOWNSHIP	43,331.96	\$7,515.57
0010	UNION TOWNSHIP	49,244.30	\$8,541.02
0011	WABASH TOWNSHIP	67,394.89	\$11,689.09
0012	WASHINGTON TOWNSHIP	260,565.83	\$45,193.01
0407	DECATUR CIVIL CITY	4,246,595.26	\$736,537.12
0453	BERNE CIVIL CITY	1,400,309.13	\$242,872.13
0520	GENEVA CIVIL TOWN	584,782.98	\$101,425.81
0521	MONROE CIVIL TOWN	217,013.10	\$37,639.14
0001	BERNE PUBLIC LIBRARY	384,109.66	\$66,620.67
0304	ADAMS PUBLIC LIBRARY SYSTEM	679,688.49	\$117,886.39
1011	ADAMS COUNTY SOLID WASTE MANAGEMENT	728,812.48	\$126,406.55
COUNTY TOTAL		21,213,825.35	\$3,679,364.00

* This report does not incorporate COIT distributions per special legislation; COIT for Property Tax Replacement/Levy Freeze (IC 6-3.5-6-30); COIT for Property Tax Relief (IC 6-3.5-6-32); or COIT for Public Safety Funding (IC 6-3.5-6-31).



COIT Allocation Amount

- Prior Year Certified Levy -
- Certified Levy Associated with Debt Issued After June 30, 2005 +
- Prior Year COIT Shares +
- 2008 Welfare Adjustment for County Unit +
- Fire Protection Territory Adjustment if applicable =
- Allocation Amount



COIT Public Safety

- DLGF's calculations are based on prior year certified levy for the county unit and city/town units.
- The actual local distributions may differ from the DLGF's calculations depending on whether or not other units have also been allotted a portion of the LOIT revenue available for public safety.



CEDIT

STATE OF INDIANA
DEPARTMENT OF LOCAL GOVERNMENT FINANCE
2014 LOIT DISTRIBUTIONS - COUNTY ECONOMIC DEVELOPMENT INCOME TAX (CEDIT) (IC 6-3.5-7)
ADAMS COUNTY

State Budget Agency CEDIT Distribution: \$2,500,480.39
CEDIT Shares Amount: \$2,500,480.39

Population Based: No

<u>Unit</u>	<u>Unit Name</u>	<u>Allocation Amount</u> <u>(IC 6-3.5-6-1.1)</u> <u>(formerly Adjusted Abstract Levy)</u>	<u>2014 Certified Shares</u> <u>(IC 6-3.5-6-18(e)(1))</u>
0000	ADAMS COUNTY	10,196,699	\$1,632,571.27
0407	DECATUR CIVIL CITY	3,568,193	\$571,295.61
0453	BERNE CIVIL CITY	1,181,269	\$189,130.41
0520	GENEVA CIVIL TOWN	489,153	\$78,317.22
0521	MONROE CIVIL TOWN	182,164	\$29,165.88
County Total:		15,617,478	\$2,500,480.39



CEDIT Allocation Amount

- CEDIT can be distributed in two ways:
 - Based on population
 - Based on levy
- For population distribution, most recent Census data is used to arrive at the population to be used:
 - County unit – Unincorporated population
 - City/town unit – Incorporated population



CEDIT Allocation Amount

- Levy Method:
 - Prior Year Certified Levy +
 - 2008 Welfare Adjustment for County Unit +
 - Fire Protection Territory Adjustment if applicable =
 - Allocation Amount



Common Starting Point

- With the exception of the CEDIT population method, every method of calculating LOIT distributions starts from the prior year certified levy.
- When the certified levy for a unit changes significantly, the unit-level distributions within a county will be impacted.



Levy Changes

- On an annual basis, unit's maximum levy grows by the Assessed Value Growth Quotient.
 - 2.6% for 2014
 - Common growth for all units



Levy Changes

- Units can see an increase in certified levy due to the issuance of new debt.
 - Within the CAGIT and COIT formulas, the certified levy due to new debt issuance is removed from consideration so the unit does not get a LOIT windfall for issuing new debt.
 - The CEDIT formula does not remove new debt issuance, so new debt can result in a unit getting a larger portion of the overall distribution.



Levy Changes

- Other ways to increase levy:
 - Cumulative Fund Establishment or Re-Establishment
 - Max Levy Appeals
 - Annexations



Levy Changes

- Ways to decrease levy or decrease levy growth:
 - By choice – a unit could choose not to levy up to its maximum levy
 - By error:
 - Advertising error – Continuation of levy
 - Adoption error – Continuation of levy
 - Reporting error – Continuation of levy
 - Debt report error could result in no levy for debt
 - Drop off of a debt or cumulative fund



Identifying Changes

- First must identify changes in LOIT distributions and which units were impacted.
 - Baseline change in county distribution
 - Compute percent change in each taxing unit's distribution
 - 2014 distribution as compared to the 2013 distribution
 - Compute percent change in each taxing unit's certified levy
 - 2013 levy as compared to the 2012 levy



Identifying Changes

- Knowing why a unit's levy changed and whether it is a permanent change or a temporary change is important for planning purposes.
 - County unit sees an increase in COIT revenue because of a decrease in a township levy
 - Why did the township levy decline?
- If temporary change, other units should plan to see a relative decline in LOIT revenue in the next year or two.



Double Whammy

- CAGIT and COIT both have a “double whammy” built into the formula which can impact units over multiple years.
- In addition to starting from prior year certified levy, these formulas also include prior year shares and/or PTRC.
- This can result in a decline in LOIT distributions for a unit impacted by a levy decrease for multiple years.



Double Whammy Example

- Township in a COIT County with no debt

	2013	2014	2015	2016
Prior Year Certified Levy	100,000	50,000	100,000	100,000
Prior Year COIT Shares	10,000	10,000	5,500	9,590
Allocation Amount	110,000	60,000	105,500	109,590



Contact Us

- Courtney Schaafsma, Budget Director
 - 317.234.3937 or cschaafsma@dlgf.in.gov
- Website: www.in.gov/dlgf
 - Contact Us: <http://www.in.gov/dlgf/2338.htm>